

BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

[Signature] 10/25/04

In the Matter of the Application of)
Southwestern Bell Communications Services Inc.)
d/b/a SBC Long Distance for a Certificate of Public)
Convenience and Necessity to Provide Resold)
and Facilities Based Local Exchange)
Telecommunications Service and for Flexible Regulation)
_____)

Docket No. 2003-361-C

PREPARED TESTIMONY OF NORMAN W. DESCOTEAUX

ON BEHALF OF
SOUTHWESTERN BELL COMMUNICATIONS SERVICES INC.

Southwestern Bell Communications Services Inc.
5850 W. Las Positas Blvd., NE137
Pleasanton, CA 94588

Tel. No.: (925) 468-6209
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1. Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Norman W. Descoteaux, and my business address is 5850 W. Las Positas Blvd., Pleasanton, CA 94588.

2. Q. BY WHOM ARE YOU EMPLOYED?

A. I am employed by Southwestern Bell Communications Services Inc. ("SBCS").

3. Q. WHAT IS YOUR POSITION WITH SBCS?

A. I am Associate Director – Regulatory.

4. Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

A. As Associate Director of Regulatory, I am responsible for regulatory compliance for SBCS.

5. Q. COULD YOU PLEASE TELL US ABOUT YOUR BACKGROUND?

A. I received a Bachelor of Science Degree in Business from San Jose State University in 1976, and a Law Degree from Santa Clara University in 1996. I began working for Pacific Telephone in 1982, and have been continually employed by Pacific Telephone, Pacific Bell, and SBCS since then. During this time, I have held various management positions in sales, marketing, and regulatory. I have been with SBCS regulatory for the past four and one-half years.

6. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to present evidence in support of SBCS's Application for competitive local exchange authority by demonstrating that SBCS has the technical, financial, and managerial ability to provide reliable competitive local exchange telecommunications services throughout the State of South

Carolina, and by demonstrating why the granting of a Certificate of Public Convenience and Necessity to SBCS is in the public interest.

7. Q. IS SBCS AFFILIATED WITH ANY OTHER COMPANY?

A. SBCS is a wholly owned subsidiary of SBC Communications Inc. ("SBC"). SBCS has numerous other affiliates.

8. Q. HAS SBCS REGISTERED TO DO BUSINESS IN THE STATE OF SOUTH CAROLINA?

A. SBCS was issued a Certificate of Authority to transact business in the State of South Carolina on December 13, 1996. A copy of SBCS's Certificate of Authorization to transact business in the State of South Carolina has been included in SBCS's Application for Certificate of Public Convenience and Necessity under Exhibit B.

9. Q. WHAT IS THE NATURE OF SBCS'S OPERATIONS?

A. SBCS proposes to operate as a competitive local exchange carrier offering competitive facilities-based and non-facilities-based services local exchange services. SBCS seeks authority to provide facilities-based local exchange services using Unbundled Network Elements (UNE) leased or purchased from South Carolina certificated facilities-based local exchange carriers. SBCS may purchase or construct facilities, including, but not limited to, switches and network facilities in the future. SBCS may further resell the local exchange services of other certificated local exchange carriers. SBCS intends to offer local services including, but not limited to, basic local exchange service and custom calling features to business and residential customers. Applicant intends to provide exchange access services to interconnecting carriers, which terminate calls on Applicant's network.

SBCS was authorized to provide Interexchange services in the State of South Carolina by Order No. 98.45 issued January 26, 1998 in Docket No. 1997-0313-C. SBCS has been authorized to provide interexchange services in all 50 states. SBCS is authorized to provide competitive local exchange services in New York, Vermont, Colorado, and Oregon.

10. Q. PLEASE DESCRIBE THE SERVICES SBCS PROPOSES TO OFFER?
- A. SBCS proposes to offer a variety of competitive local exchange services including basic service, custom calling features, intraLATA toll services, various data services, and exchange access services at rates and terms which are competitive with other local exchange carriers. SBCS will coordinate with BellSouth for the provision of emergency 911 services, directory publication, and directory distribution to local customers. SBCS's goal is to provide customers with a comprehensive set of combined local and interexchange telecommunications services at desirable rates, to meet subscribers' telecommunications needs. SBCS will serve local exchange subscribers utilizing a combination of incumbent local exchange carrier unbundled network elements (UNEs) and resold services. The Company may construct facilities of its own in the future. SBCS will file affiliate agreements with the Commission, upon the conclusion of negotiations, pursuant to section 252(e) of the 1996 Telecommunications Act (47 U.S.C. §252(e)) for approval. When approved, Applicant will provide competitive local exchange services to residential and commercial customers in South Carolina. Commercial and residential local exchange subscribers will be served utilizing existing incumbent facilities. Such facilities will be leased by SBCS as existing combined

UNEs. The combined UNEs will remain combined when customers transfer to Applicant on a “hot cut” basis, to avoid disruption to customer’s service. The specific competitive local exchange services SBCS proposes to offer are more fully described in its local exchange tariff, which appears at Exhibit E of the Company’s Application for Certificate of Public Convenience and Necessity.

11. Q. WILL THE COMPANY TARGET A PARTICULAR MARKET?

A. Although SBCS proposes to offer local exchange services to residential and commercial subscribers, its initial focus will be on commercial customers of SBC in its in-region territories that have a need for local exchange services in South Carolina.

12. Q. FROM WHOM DOES SBCS OBTAIN ITS LOCAL EXCHANGE SERVICES?

A. SBCS will likely lease or purchase unbundled network elements (“UNEs”) primarily from BellSouth. In time, SBCS may lease or purchases UNEs from other incumbent or competitive local exchange carriers. SBCS may also construct its own facilities in the future.

13. Q. DOES SBCS OWN ANY SWITCHING OR TRANSPORT FACILITES IN SOUTH CAROLINA?

A. No. SBCS currently owns no switching equipment or transport facilities in South Carolina, nor does it initially plan to purchase switching equipment or transport facilities in South Carolina. SBCS will be relying on the technical network capabilities of its underlying carrier(s) for all network and transport facilities in the provision of access and egress for its local service. Applicant may purchase or construct facilities in the future.

14. Q. PLEASE DESCRIBE THE COMPANY'S TROUBLE REPORTING PROCEDURES.

A. All service-related problems, including trouble reporting, may be directed to SBCS customer service department via the Company's toll-free number, (877) 585-2220. Immediately upon report of local service trouble, SBCS will contact its operations staff to identify the source of the trouble and will coordinate with the underlying carrier to isolate the trouble and repair. If the trouble is identified as being that of the underlying carrier, the underlying carrier will repair the trouble and inform SBCS when the trouble has been repaired. The Company will then contact the customer to verify that the service has been restored. Repair service will be available twenty-four hours per day, 365 days per year.

15. Q. HOW WILL THE COMPANY BILL ITS CUSTOMERS?

A. SBCS will bill its local customers directly through its own billing.

16. Q. HOW FREQUENTLY WILL BILLS BE RENDERED TO CUSTOMERS?

A. Bills will be rendered on a monthly basis.

17. Q. HOW ARE BILLING DISPUTES RESOLVED?

A. SBC's customer service department is available to resolve any disputes. Customers may reach our Company's customer service department via its toll-free telephone number, (877) 366-3200, or by letter at the address listed on the bill. Customers may escalate the dispute to the responsible Company manager, if necessary, and may, of course, seek Commission intervention if necessary. SBCS's employees embrace a strong customer service orientation that makes meeting customer needs an absolute priority.

18. Q. HOW ARE RATE AND SERVICE INFORMATION REQUESTS PROCESSED?

A. SBCS's customer service representatives are prepared to respond to all rate and service information requests through whatever medium customers elect to communicate with the Company.

19. Q. HOW ARE OPERATOR-ASSISTED AND DIRECTORY ASSISTANCE CALLS PROCESSED?

A. Operator assisted and directory assistance calls are branded as Applicant's calls and processed through SBC affiliates using established procedures that are transparent to our customers.

20. Q. PLEASE DESCRIBE SBCS'S PROPOSED SOUTH CAROLINA TARIFFS.

A. SBCS's local exchange tariff establishes the rates, terms and conditions of the Company's service offerings, including specific service requirements established by the South Carolina Public Service Commission. The Company believes that its services are competitive with similarly-situated service providers.

21. Q. DESCRIBE SBCS'S ORGANIZATION?

A. Yno Gonzalez, President, directs the company's operations and is assisted by a professional, technical, operations, sales and legal staff, including myself. The professional staff is eminently qualified to support the SBCS's telecommunications service offerings in each of their respective disciplines, through years of experience in similar positions working with other telecommunications service providers. Specific information regarding the

qualifications and expertise of SBCS's senior management staff is included as Exhibit C to SBCS's Application.

22. Q. HOW DOES SBCS MARKET AND SELL ITS SERVICES?

A. SBCS plans to offer its services in South Carolina through joint marketing efforts with our SBC affiliates. SBCS does not currently plan to use telemarketing as a method to sell its services.

23. Q. DESCRIBE SBCS'S INDUSTRY EXPERIENCE?

A. SBCS's staff is comprised of seasoned industry professionals. Applicant employs over 700 employees, with an average of 9 years of telecommunications experience. SBCS's executive officers have several decades of telecommunications industry experience in the telecommunications industry, and have the necessary qualifications to effectively manage the Company's operations, as amply demonstrated in Exhibit C to SBCS's Application.

24. Q. DESCRIBE SBCS'S FINANCIAL ABILITY TO SERVE AS A PROVIDER OF TELECOMMUNICATIONS SERVICES IN SOUTH CAROLINA?

A. SBCS's financial information has been submitted to the Commission with its application as Exhibit D. The Company's financial position clearly demonstrates the Company's ability support its operations and serve the public in the State of South Carolina. As wholly-owned subsidiary of SBC Communications Inc., and as a well established entity, Applicant imposes no financial risks to the public or interconnecting carriers.

25. Q. WHERE IS SBCS CURRENTLY AUTHORIZED TO PROVIDE SERVICE?

A. SBCS has obtained authority to provide interexchange service in all 50 states, and currently offers long distance service in both interstate and international jurisdictions under authorization of the Federal Communications Commission. SBCS currently has authority to provide local exchange service in New York, Vermont, Colorado, and Oregon, and has an application for local exchange service pending in Arizona, So. Carolina, Hawaii, Iowa, Louisiana, West Virginia, Maryland, Alaska, Washington, D.C., Florida, New York, New Hampshire, New Mexico, So. Dakota, and Wyoming. The applicant has not been denied authority to offer telecommunications services by any state regulatory commission.

26. Q. HOW WILL GRANTING SBCS'S CERTIFICATE AFFECT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE?

By granting SBCS's certificate, the Commission will be fostering greater competition in the local telecommunications service markets. With additional competition, existing providers will strive to offer services at the lowest rates and most innovative features possible to attract new customers and retain existing customer bases.

27. Q. HOW WILL SOUTH CAROLINA CONSUMERS BENEFIT FROM SBCS'S SERVICES?

A. SBCS's proposed services will allow customers to obtain competitive services and rates. Customers will benefit from SBCS's industry experience and innovative service offerings and billing options. Additionally, an increase in the

traffic generated through the provision of the Company's proposed intrastate services over existing facilities will help improve the efficiency of those facilities and reduce the underlying carriers' costs in provisioning such services. And the State of South Carolina will realize an increase in tax revenue. I believe that SBCS will operate as the very type of responsible, solid local exchange that the Commission wishes to enter the State of South Carolina.

28. Q. WHY IS THE COMPANY SEEKING EXEMPTIONS FROM DIRECTORY PUBLISHING, MAINTAINING RECORDS IN SOUTH CAROLINA AND USOA?

A. SBCS respectfully requests that it be exempt from any Commission policy that might require a carrier to maintain its financial records in conformance with Uniform System of Accounts ("USOA"). As a competitive carrier, SBCS maintains its books in accordance with Generally Accepted Accounting Practices; and therefore, does not possess the detailed cost data required by USOA. SBCS maintains that it should be granted the same USOA waiver granted by this Commission to other competitive carriers.

SBCS requests a waiver of the requirement of publishing a local exchange directory. The company will arrange with the incumbent carriers for publishing its customers' numbers in the ILEC's directory.

SBCS also requests a waiver of the requirements of 26 S.C. Reg. 103-610 that a carrier keep all records required by the Commission's rules and regulations in the State of South Carolina. Since the company's corporate records are in California and it does not anticipate maintaining offices or personnel in South Carolina, it would create an additional expense and be unduly burdensome to maintain

records in South Carolina. We will have a registered agent in South Carolina and bear any costs associated with the Commission's inspection of our records and books at our headquarters.

29. Q. IS SBCS REQUESTING RELAXED REGULATORY TREATMENT?

A. Yes. Since SBCS will operate as a non-dominant, competitive provider of local exchange services, SBCS requests that the Commission regulate our company in the same relaxed fashion authorized in Order No. 98-165 in Docket No. 97-467-C and extended to similarly situated competitive carriers. SBCS understands that this flexible regulatory treatment requires that it file maximum rates for our local service offerings. Local tariff filings would be presumed valid once they are filed subject to the Commission's right to investigate the filing within thirty days.

30. Q. WILL THE COMPANY SUPPORT UNIVERSAL SERVICE AS REQUIRED?

A. Yes, the Company will support Universal Service.

31. Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

VERIFICATION

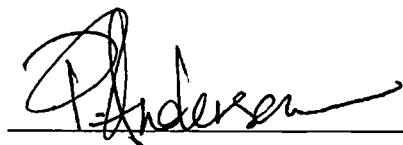
I, Norman W. Descoteaux, first being duly sworn upon oath, depose and say that I am the Associate Director – Regulatory of Southwestern Bell Communications Services Inc.; that I have read the above and foregoing testimony and know the contents thereof; and that said contents are true.

Southwestern Bell Communications Services Inc.


Norman W. Descoteaux

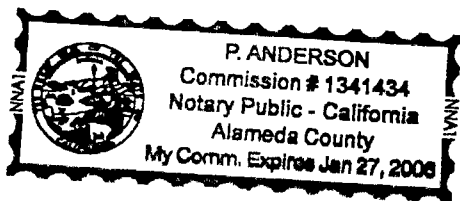
SWORN to before me this

16 day of February, 2004.


Notary Public for Alameda Co.

My Commission Expires: 2/27/06

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COMMISSION



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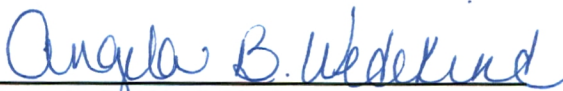
CERTIFICATE OF SERVICE

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This is to certify that I, Angela B. Wedekind, a legal assistant with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the **Motion for Expedited Review of Application** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

Margaret M. Fox
McNair Law Firm, P.A.
P.O. Box 11390
Columbia, SC 29211

Dated at Columbia, South Carolina this 24th day of February 2004.


Angela B. Wedekind